

1 UNITED STATES BANKRUPTCY COURT

2 SOUTHERN DISTRICT OF NEW YORK

3

4 In re )  
5 CELSIUS NETWORK LLC, )  
et al., ) Case No.  
6 Debtor. ) 22-10964 (MG)  
7 )

8

9

10 \*\* CONFIDENTIAL \*\*  
11

12

13 VIDEO RECORDED EXAMINATION OF  
14 OREN BLONSTEIN

15

16 TAKEN ON

17

18 TUESDAY, NOVEMBER 22, 2022  
19

20

21

22

CERTIFIED STENOGRAPHER:

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17                  Pennsylvania, Delaware, Maryland and  
18                  Virginia, at Kirkland & Ellis, LLP, 601  
19                  Lexington Avenue, New York, New York, on  
20                  Tuesday, November 22, 2022, commencing at  
21                  9:51 a.m. and concluding at 7:04 p.m.

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23 KEVIN-SCOTT VAN VLIGMEN, videographer

24 CAMERON CREWS, pro se creditor

25

9

1 A L S O P R E S E N T

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3

4 JUAN TORRES, Zoom tech

5 AYDALINE GARCIA, Zoom tech

6 DAVID ADLER, did not provide appearance

7 MICHAEL MORRIS, did not provide appearance

8 CEZARY BORODZIUK, did not provide appearance

9 DEB KOVSKY, did not provide appearance

10 BRYAN KOTLIAR, did not provide appearance

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1 ALSO PRESENT

2 (pro se creditors - remotely)

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4 JARNO ÖBERG

5 IMMANUEL HERMANN

6 VICTOR UBIERNA DE LAS HERAS

7 JEREMY COHEN HOFFIG

8 JARED BORRIELLO

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15 --oo--

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3 Tuesday, November 22, 2022

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22                \*\* All exhibits were attached to the  
23                original transcript \*\*

24                ---oo--  
25

13

1 \* \* \* \* \*

2 PROCEEDINGS

3 November 22, 2022, 9:51 a.m.

4 New York, New York

5 \* \* \* \* \*

6 THE VIDEOGRAPHER: Good morning,

7 everyone. We are now on the record.

8 My name is Kevin-Scott van Vlijmen.

9 I'm the videographer retained by

10 Lexitas.

11 This is a video deposition for  
12 the United States Bankruptcy Court,  
13 Southern District of New York.

14 Today's date is November 22 of  
15 2022, and the video time is 9:51 a.m.

16 This deposition is being held  
17 both remotely via Zoom as well as in  
18 person at Kirkland & Ellis LLP, at  
19 601 Lexington Avenue, New York,  
20 New York, 10022, in the matter of In  
21 Re: Celsius Network LLC, et al., Case  
22 No. 22-10964 (MG).

23 The deponent is Oren Blonstein.

24 All counsel will be noted on the  
25 stenographic record.

14

1 Our court reporter is Jessica  
2 Waack and will now swear in the  
3 witness.

4 \* \* \* \* \*

5 OREN BLONSTEIN, sworn  
6 on oath and/or affirmed, called as a  
7 witness herein, was examined and testified  
8 as follows:

9 \* \* \* \* \*

10 THE VIDEOGRAPHER: You may  
11 proceed.

12 MS. BRIER: At the outset, I'm  
13 just going to designate this transcript  
14 as confidential -- the entire  
15 transcript as confidential.

16 ZOOM PARTICIPANT: On Zoom, you  
17 can't [inaudible] do that?

18 MS. BRIER: You can't hear us?

19 THE STENOGRAPHER: I think  
20 someone just wasn't muted.

21 ZOOM PARTICIPANT: You are  
22 currently muted.

23 THE STENOGRAPHER: Can we go off  
24 the record?

25 THE VIDEOGRAPHER: Yes. All

302

1 A. I see.

2 Q. So would you acknowledge that as  
3 a deficiency in that document?

4 MS. BRIER: Objection to form.

5 Outside the scope.

6 Mr. Blonstein, just testified  
7 he's never -- he wasn't involved and  
8 doesn't have a foundation to testify  
9 about this.

10 THE WITNESS: Yeah, I don't -- I  
11 don't have enough -- I don't have  
12 enough information about it. You  
13 know...

14 BY MR. CREWS:

15 Q. Okay. We can move on.

16 Are you familiar with USDC, the  
17 token?

18 A. Yes.

19 Q. And could you just explain for  
20 everybody what that token is?

21 A. It's a stable coin issued by  
22 Circle. It's pegged to the dollar.

23 Q. Yeah. And you mentioned earlier  
24 today that it would be a challenge to do  
25 network tracing on Ethereum; is that

303

1 correct?

2 MS. BRIER: Objection. Outside  
3 the scope.

4 You can answer.

5 THE WITNESS: The -- so what I  
6 was saying is that it's difficult to  
7 trace the exact coin -- the exact coin  
8 that a person -- an ERC-20 that a  
9 person deposited into our platform as  
10 it moved throughout the platform in  
11 terms of -- you know, we treated them  
12 as fungible once they came into the  
13 platform.

14 BY MR. CREWS:

15 Q. Makes sense.

16 So in the UTXO, you're seeing the  
17 flow from wallet to wallet?

18 A. Exactly, yeah.

19 Q. Have you taken any steps as a  
20 company to make sure that customer deposits  
21 are going towards earning rewards for them?

22 MS. BRIER: Objection to form.

23 And objection to scope, but you can  
24 answer.

25 THE WITNESS: Sorry. Just

304

1 repeating...

2 So we maintain a record of coins  
3 that our customers send to us on that  
4 ledger, and then there's the coin  
5 movements.

6 You know, and -- almost  
7 regardless of what actually was going  
8 on with those tokens that they sent in,  
9 we were calculating based on the reward  
10 rate what -- what rewards were owed to  
11 them on the ledger.

12 So kind of regardless of, like,  
13 where their coin was or if -- if a  
14 particular coin that was sent -- that  
15 was sent in was actually loaned out or  
16 deployed on DeFi, that didn't really  
17 matter, because how we calculated the  
18 rate was -- or the rate that we set was  
19 used by the software that calculated  
20 the obligation to the customer on the  
21 ledger.

22 BY MR. CREWS:

23 Q. Yeah. So a customer such as  
24 myself, we could see the obligation that  
25 we're owed, but in order for the reward to

305

1       be useful, Celsius would presumably have to  
2       be actually using our deposit to actually  
3       earn something?

4                   MS. BRIER: Objection to form.

5                   Outside the scope.

6                   THE WITNESS: No, no. I mean,  
7                   it's the -- it's -- I was gonna make  
8                   the point -- if I understood you  
9                   correctly, making kind of the opposite  
10                  point is that it doesn't -- you know,  
11                  those coins could have sat there and  
12                  not been deployed at all and we may  
13                  have not generated any yield.

14                  But we would have calculated --  
15                  you know, the -- their interest rate  
16                  would have been -- there -- an interest  
17                  rate would have been set or rewards  
18                  rate would have been set and the ledger  
19                  would be calculating what is owed to  
20                  you based on that rate.

21                  So it was kind of -- you know, it  
22                  was -- the activity of the coins was  
23                  separate from the rewards that were  
24                  paid out.

25                  BY MR. CREWS: